

Cable Operators Federation of India

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Without Prejudice
(by Speed Post/E-mail)

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The Chairman,
Telecom Regulatory Authority of India,
Mahanagar Doorsanchar Bhawan,
Jawahar Lal Nehru Marg
New Delhi-110002

Kind Attn: Prof. M. Kasim

**Sub: Comments on TRAI Pre-Consultation Paper on
Ease of Doing Business in Broadcasting Sector dated 17 April, 2017**

Dear Sir,

This is in reference to your Pre-Consultation Paper on 'Ease of Doing Business in Broadcasting Sector' dated 17 April, 2017.

We appreciate the regulator for coming up with this consultation on ease of doing business in broadcasting sector that we feel is the real need of the time. We also feel this should have come in 2004 when TRAI took over the responsibility of regulating the sector and organizing it. This should have been a part of the consultation on restructuring the cable TV business because then the sector would not have needed a mandate for digitization, it would have done so voluntarily to maintain its growth and meet competition from other newer technologies.

Our experience tells that the government was never interested in organizing this sector because firstly, as stated by the then I & B Minister, Ms Ambika Soni, digitization was never the priority of central government and secondly in the last five years of Digitisation, the government has not taken any major step to facilitate the process. It has only done the job of enforcing a law in a highly unplanned way without much preparation for such a gigantic task and at the end forced switching off analogue signals to save it's face.

The prerequisites for digitization, recommended by TRAI in 2010 for the industry to go digital

were just ignored by the Ministry leaving stakeholders on their own to implement a technology without any financial, technical and manufacturing support. We sincerely hope that this time TRAI's efforts to recommend measures to make things easy for the industry for a healthy growth adopting new technologies do not go waste. We also hope that this time the need is of the Central Government and not that of the MIB only.

Challenges and Hurdles in the Industry at present

- a) 70 % population is poor. Pay TV cost and Bandwidth cost is very high.
- b) Government has neglected wireline networking which can carry high speed broadband. Emphasis laid on wireless which is costly, carries less bandwidth, slow speed, spectrum dependent.
- c) Cable TV Networks reach 70 million rural homes but their infrastructure is neglected by the government. In 1999 the National Telecom Policy mentions use of Cable TV networks for broadband penetration but no practical steps taken since then.
- d) Cable TV Infrastructure is registered by Postal Department (under Telecom Ministry) and governed by the Telegraph Act, yet it has been placed under I&B Ministry which is least interested in improving this infrastructure.
- e) MIB is only interested that maximum TV content passes through Cable TV networks to help 'Pay' TV broadcasters make more money.
- f) India does not have a robust wireline telecom infrastructure in every nook and corner to make digital signal reach every household.
- g) Due to continuous neglect by successive governments, no financial institute recognizes cable TV business for funding. FDI also does not flow in as expected as the investors also feel that our policies do not support the last-mile infrastructure essential for providing good quality services.
- h) Due to weak implementation of cross-media holding policy and no check on market domination, large scale monopolies have been created.
- i) Largest network for Broadcast content distribution is on cable which is still owned by lakhs of small independent operators who are considered a hurdle by the government.
- j) Cable Operators employ about 20 lakh people who need constant training to adopt to new technologies but there is not a single institute in India to train them.
- k) In analogue times, before 2004, there was a massive local manufacturing support to the cable TV industry. Unfortunately that industry has died because of bad policies and out of focus implementation.

If we want to introduce policies to make doing broadcasting business easy, we need to consider the above and realign our present policies in the following manner:-

Focus more on Infrastructure Development

In implementing Digitisation so far, only the large players have benefitted and smaller players who form the majority in the industry at present were left in the lurch. The Ministry's sole aim of mandatory digitization appeared to be collecting maximum revenue from the stakeholders and helping the pay broadcasters to gain market in India, exploiting our vast population in the name of giving them better choice and better quality. **However, it forgot that broadcast signals are already digital since 1995 and it is the cable TV networks carrying the content to the masses that need to be helped the most.** It should have done what it did for the telecom industry in mid nineties.

Policies to be realigned for smaller stake-holders

Government policies were designed with a view that only large corporate can bring large scale changes in the industry because they have resources and experience. **Things were made as tough as possible for small stakeholders in doing their business. Many of them had to quit as they did not get any help from the government in carrying out its mandate.** This has to change now as considering the large geographical area, majority of rural population, varying demography, poverty levels and lack of existing communication infrastructure in the hinterlands, corporate will never show any interest to do business. Expected ARPUs can never meet the overhead expenses of large companies and sustain their business profitably. **Government's focus must be on existing small stakeholder who employ local population and develop their own infrastructure. These companies have to be treated like STARTUPS and given all the help.**

National Broadcast Policy

A National Broadcast Policy must be framed to list out a long range as well as near future plan for the industry. **We need a separate authority to look after the interests of the Broadcasting Industry as the broadcasters are already trying to keep TRAI out of the content Business.** Content and distribution networks are two separate parts of the industry and they need different policies for development. The first one is responsibility of I&B Ministry and the second is under Ministry of Communication and IT. Infrastructure may be kept under the care of TRAI or another body can be constituted as both of Ministries suffer from lack of communication and understanding.

Convergence/ Broadcasting Bill must be cleared soon

In spite of government recognizing the value of Convergence, **neither the MIB has felt the**

need to upgrade the existing cable networks to carry broadband, nor the Communication Ministry taken any steps to recognize cable TV networks as Telecom infrastructure. Incidentally all cable networks are being registered by the postal department under the Communication Ministry since 1994. If this was taken care of by the telecom Ministry, there was no need to mandate digitization of cable TV.

Innovative Methods needed to convert existing cable TV networks into Broadband Networks

- a) Get fast on the business of broadband wherever feasible. Assess the extent of fiber laid by MSOs and Cable Operators and plan its utilisation by **infrastructure sharing at the State/ Centre level.**
- b) **Enable MSOs to Upgrade to IP and provide OTT services to meet the challenges of the future.**
- c) Cable Operators and MSOs be encouraged to become **Virtual Network Operators** of converged services taking **Universal Licence.** Make the terms and conditions easier and friendly for even small operators.
- d) **Use of satellites** must be explored for distributing broadband in hinterlands where digital signal is not available. HITS is not effective in India as two HITS companies have failed making operators lose large investments without any hope of compensation. There is only one HITS platform left at present and that too is struggling to survive as domination of a few broadcasters make it difficult to operate.

State governments to be fully involved

Government did not include state governments in the loop at the time of starting Digitisation where as they had an important role in providing necessary RoW (Right of Way) and infrastructure to MSOs and cable operators. Also, they could have helped in providing financing help to stake holders.

Financial Help to Industry

Large companies operating in an international market can get their funds from abroad easily. It is the smaller companies that need government help in arranging finance to import equipment as well as Opex. Ministry should start a Digital Obligation Fund on the lines of USO Fund to help small MSOs to upgrade to broadband, particularly in the rural areas where large companies hesitate to enter.

Manufacturing sector to be given all necessary help

Concerned departments must analyse why indigenous manufacturers are not successful in

selling to large companies who depend mostly on imports. Even after five years of digitization, we have not made much of a progress in this regards. Make in India has literally failed in this industry.

Training and Capacity building should be organised.

Some effort is being made under 'Skill India' programme but much more is required. Doordarshan and BBNL can be spruced up for this purpose, as they are present everywhere. Task can also be given to ITIs and Regional Engineering colleges.

Availability of Pay Channel content must be ensured

There are 1150 MSOs and about 2 lakh LCOs serving about 120 million households. Rural market which is mostly analogue is being deprived of its infotainment. The 55% rural market is served by very small LCOs who have about 300 subscribers on the average and can not install a digital headend as economically not viable. Even HITS is not feasible with such a low subscriber base. Most of them did not carry any pay channels because Pay broadcasters want hefty monthly payments from them which they are unable to recover from the subscribers. **Simply saying that they should windup their business and let their subscribers switch to DTH is not a solution in a democracy.** Channel price and packages have to be made affordable for these people. **Equating a rural or economically weaker subscriber with an urban or a Metro subscriber for tariff is not justified.**

Make MSO independent of Broadcasters

Control of these pay channel groups on the distribution platforms must be curbed to the maximum if we want broadband to succeed on Cable Networks. Maximum discrimination takes place in distributing content to MSOs, so smaller MSOs who do not get any favourable treatment from broadcasters land up paying heavily to broadcasters and are left with no money to upgrade. Moreover, pay channels these days have many other options of making money like OTT platforms, distribution of same content in the international market, different types of advertisement and sponsorships etc. Thus they are not dependent solely on the MSOs or Cable Operators. **Hence MSOs and Cable Operators must be given support for upgrading to broadband NextGen networks so that they can provide all broadband services.**

Registration Fee and Licence Fee for cable and broadband services must be Reasonable

At present an MSO operating in a small area pays the same registration fee as an MSO operating in a state or all India. Also MSOs who are providing Broadband have to pay licence fee based on gross revenue which also includes income from content distribution. This is unfair and discriminatory and policies must be redrafted.

Tariff for Subscribers of different platforms should be same for the same content.

In a particular market, subscribers must be charged the same price for the same content. At present broadcasters have their own say in deciding tariff on different platforms depending upon who is the distributing operator? Consumers must know the MRP of a content.

Yours Faithfully,

(Roop Sharma)
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